

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 STR-04 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 /087 W

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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 1033

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E.O. 11652: N/A

TAGS: ETRD, MX

SUBJ: QUOTA FOR AMERICAN WINES

REF: (A) MEXICO 8231

(B) STATE 234754

(C) FALK-HAYNE TELCON

1. AS REPORTED REFTEL A, EMBASSY MADE WRITTEN REQUEST FOR QUOTA FOR AMERICAN WINES ON JUNE 24. SUBSEQUENT TO REQUEST, IN LIGHT OF PROJECTED TRADE DEFICIT FOR 1975 OF \$4 BILLION (SEE MEXICO 6257), GOM HAS TAKEN SERIES OF MEASURES TO RESTRICT ALL IMPORTS. DESPITE FOREGOING, SECRETARIAT OF INDUSTRY AND COMMERCE HAS CONTINUED TO INDICATE GENERALLY POSITIVE ATTITUDE TOWARD ALLOCATING QUOTA FOR AMERICAN WINES FOF CY 1976. EMBASSY CONTINUES TO PRESS FOR FORMAL ESTABLISHMENT OF QUOTA AND EXPECTS FINAL DECISION BY GOM WITHIN NEXT TWO MONTHS. DURING INTERIM, EMBASSY IS WORKING CLOSELY WITH U.S. WINE PRODUCERS WHO HAVE EXPRESSED INTEREST IN EXPORTING TO MEXICO, ASSISTING THEM LOCATE SUITABLE LOCAL IMPORTER/DISTRIBUTORS AND ADVISING THEM ON HOW TO REGISTER THEIR PRODUCT WITH APPROPRIATE MEXICAN AUTHORITIES.

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2. PARA 4, REFTEL A, INDICATED THAT WHILE EMBASSY

REQUESTED INITIAL QUOTA OF 40,000 CASES, GOM MAY VERY WELL AUTHORIZE AMOUNT SUBSTANTIALLY LESS FOR FIRST YEAR OR SO, PERHAPS IN 10-20,000 CASE RANGE. THIS CONTINUES TO BE EMBASSY'S ASSESSMENT OF REALISTIC PROSPECTS FOR 1976 QUOTA ALLOCATION. WE BELIEVE THIS WILL NOT BE OVERLY PREJUDICIAL. EMBASSY HAS SPOKEN WITH MANY KNOWLEDGEABLE AMERICANS AND MEXICANS IN WINE INDUSTRY AND ALL CONCUR IN OPINION THAT, AT BEST, AMERICAN WINES COULD NOT HOPE TO SELL MORE THAN 10,000 CASES IN 1976. PER CAPITA COMSUMPTION OF ALL WINES, DOMESTIC AND IMPORTED, IN MEXICO IS MINIMAL AND MUCH REMAINS TO BE DONE TO CREATE STRONG DEMAND (SEE MEXICO A-291, JUNE 12, 1974).

3. BECAUSE OF APPARENT WILLINGNESS OF MEXICAN LICENSING AUTHORITIES TO OPEN MEXICAN MARKET TO U.S. WINES ON BASIS EQUIVALENT TO OTHER FOREIGN SUPPLIERS -- DESPITE GENERAL CLAMPING DOWN ON IMPORTS -- WE ARE DISTURBED OVER REPORTED VIEWS OF MR. JEFFERSON PEYSER, GENERAL COUNSEL OF WINE INSTITUTE (MEMCON #7518836 DATED SEPT. 19,1975) OPPOSING GSP TREATMENT FOR TEQUILA. (AS INDICATED IN MEXICO 3237, GOM ATTACHES MUCH IMPORTANCE TO ACHIEVING REDUCTION IN U.S. TARIFF ON TEQUILA.) WHILE EMBASSY REPRESENTATIVES IN THEIR CONVERSATIONS WITH GOM LICENSING, AUTHORITIES NEVER FAIL TO REMARK ON HOW MUCH MEXICAN TEQUILA, BEER, AND EVEN WINE IS SOLD IN U.S. MARKETS, FORMAL LINKAGE BY U.S. AT THIS TIME BETWEEN TARIFF REDUCTIONS FOR TEQUILA AND ESTABLISHMENT OF WINE QUOTA WOULD LIKELY STOP OR SLOW DOWN WHOLE PROCESS.

4. HOWEVER, SHOULD U.S. REQUEST FOR WINE QUOTA NOT BE GRANTED, IT MIGHT BE USEFUL TO CONSIDER HOW WE MIGHT INITIATE ACTIIN UNDER PROVISIONS OF SECTION 301(A)(2) OR OTHER PARS OF TAR TO SECURE TREATMENT FOR U.S. WINES NO LESS FAVORABLE THAN THAT GRANTED TO OTHER FOREIGN SUPPLIERS.
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Margaret P. Grafeld
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